

NEWS RELEASE

FOR IMMEDIATE RELEASE
FEBRUARY 17, 2005

CONTACT: GLENN BRIERE
(617) 727-6200, EXT. 123

DeNUCCI SAYS ERRORS BY BIG DIG MANAGERS ADDED MILLIONS TO TRAFFIC CONTROL COSTS

State Auditor Joe DeNucci reported today that the Big Dig absorbed an estimated \$10.3 million in unnecessary costs due to a dispute over computer software involving traffic control and emergency communications systems.

DeNucci's report attributed the problem in part to the failure of project managers as long as a decade ago to secure timely ownership of the software needed to complete the complex system. This led to a legal battle in 1999 that delayed the work on the second and larger phase of the job, resulting in the additional costs.

The Big Dig's Integrated Project Control System (IPCS), which provides various traffic and roadway controls and fire and security systems for the project, was done in two phases. Transdyn, Inc., under a separate \$52 million contract, developed the software for the first phase, involving the Ted Williams Tunnel. But problems ensued when Honeywell Technology Solutions, Inc., outbid Transdyn for a second contract to do the IPCS work for the rest of the Big Dig in 1999.

Transdyn maintained that the software developed for the Ted Williams Tunnel was "proprietary" and refused to turn over the access codes to Honeywell for the second contract, igniting lawsuits between the state and Transdyn.

The lawsuits were subsequently settled, but the audit report found that the software ownership dispute resulted in:

- A four-month delay in the Honeywell work, which cost the project an estimated \$7.2 million.
- The state paying Transdyn \$350,000 for the licenses to use the software codes, as part of the settlement.

-more-

- The waiver of \$2.72 million the state had sought for Transdyn's refusal to turn over the codes.

The Honeywell contract was originally slated to cost \$104 million, but the Massachusetts Turnpike Authority board agreed last fall to cap the contract at \$188 million and, in December, terminated and settled its contract with Honeywell. The remaining software development work is now being done by Transdyn, the phase one contractor.

According to DeNucci's audit, the Big Dig managers were aware of Transdyn's position on the software ownership issue about a decade ago and should have taken immediate steps to secure undisputed rights to the software.

"The findings in my audit are an example of how this contract was mishandled by project management from the very beginning of the project, and the project management team should be held responsible," said DeNucci.

DeNucci called on the Big Dig project officials to determine the amount of additional, unnecessary costs associated with the IPCS contract, identify the responsible party or parties, and refer the matter for cost recovery, which is now the responsibility of the Attorney General. DeNucci said the cost recovery effort should take into account such factors as system design deficiencies, contract change orders, delays, access problems and contract management issues and responsibilities.

The Massachusetts Turnpike Authority, in its response to the audit, indicated that it has referred this contract for cost recovery.

"There is no legitimate reason why the cost of this work has grown so significantly," concluded DeNucci.